



Wyoming Lender Alert

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Making a Difference for Small Business in Wyoming

Featured Success Story

HOOFPRIENTS WESTERN EMPORIUM

In 1985, Carol Paul, was a divorced, single mother of two teens in Torrington, while today she owns and operates HoofPrints Western Emporium in Evanston. Initially she made draperies and did alterations, but the embroidery idea kept calling to her. Convincing her banker that she wanted to spend \$15,000 on a "sewing machine" was a challenge, but he agreed to give her a chance. Finally, she cashed in the only thing of value she dared and paid off that machine. Not even a year later, she was able to purchase two more machines thanks again, to her banker's, Van Johnson, at Wells Fargo Bank, belief in her.



In 1997, Carol met her husband at the National Finals Rodeo where she had a booth selling embroidered western shirts. Three months later she moved to Evanston, where she now operates HoofPrints Western Emporium along with three part-time employees. In 2002 the Paul's applied and qualified for an SBA Preferred Lender Program Loan to purchase the building they had previously leased plus the addition

of a warehouse. She has several embroidery machines and a design board where she makes her own designs. Several of Carol's designs have been used by Wrangler and Midwest Garment of Canada in their production lines.

She is very conscious of good customer service and prides herself



on being able to read her customers. Carol has a friendly, positive and bubbly personality and surrounds herself with positive, good people. Carol is self educated and has attended several of the Small Business Development Center classes over time. Carol trained herself to use the embroidery and design board machines and uses them now with ease.



Carol's mother was an inspiration for her life. She had five heart attacks and was crippled, but refused to give up doing the things she loved. She loved gardening and weeding and was a workaholic.

Carol inherits these same traits from her mother.

She has been a Sunday school teacher and worked with the Bureau of Land Management in adopting a Mustang. Carol named her Nutrena after the quality line of feed she carries in her store. The horse, Nutrena, is a wonderful success story of her own coming to the Paul's as a beat up Mustang and transformed with love and care into a beautiful animal.

Carol's husband, Dennis, works from time to time at the store, but has a full-time job with the railroad as a manager. HoofPrints Western Emporium sells all types of clothing as well as feed and tack for horses.

Reminder to Lenders

☀ New Loan Processing – In certain instances SBA requires a specific cash injection as a condition to approving the guaranty request. The requirement is notated in the loan authorization. The lenders are reminded to keep the specific proof of that cash injection (cancelled checks, deposit slips, balance sheets tracking injections, etc.). Should the loan fail, particularly within the first 18 – months from approval, SBA will certainly require the lender to show the proof of injections and proper use of loan proceeds.

☀ How do you know if a loan is eligible for SBA? Just call Dave Denke, 307-261-6523, or Steve Parker, 307-261-6506.

☀ SBA personnel are available to come to your bank and meet with

local lenders for an SBA refresher, contact Dave or Steve.

Top Ten Screen Out Reasons 7(a) Loan Guaranty Processing Center

As of March 14, 2007

1. Repayment ability not demonstrated
2. Lease Terms shorter than loan terms
3. Not pledging adequate available collateral
4. Lack of Affiliate Information
5. Personal resources test
6. Incomplete SBA Form 4
7. Lack of Proforma Balance Sheet
8. Business structure not indicated
9. Franchise not sent prior or with application
10. No SBA Form 4-i

How to Expedite Your Guaranty Purchase Request

First Step: When a loan needs to be classified as “in liquidation” status, contact the Fresno, CA or Little Rock, AR Commercial Loan Servicing Center where the file is located, and ask that it be transferred to the Herndon Center. This will insure that when you have specific actions, liquidation plans to submit, and/or purchase requests, they already have the loan file.

To Initiate a Purchase Request: Make purchase demand in writing along with all documents SBA will need to process the purchase. Be sure to include date of default; next payment due date; interest-paid-to-date; date of maturity (as modified if applicable); interest rate at date of default; and principal balance outstanding.

Checklist: The Guaranty Purchase Checklist used by the Center is a numbered list of items that may be needed by SBA to process your request. If you use the checklist as a guide in organizing your documents to submit to the Center, it will assist staff in reviewing and processing your purchase request. Go to:

<http://www.sba.gov/banking/ngpc/Docs/ChecklistNEWFORMATTED.doc>

for the checklist and suggestions for preparation of your purchase submission.

Complete Packages and Organization: We can only process a claim when the documentation necessary for review is substantially complete. you send in the entire package at one time, the Center will be able to expedite your purchase. If you don't have a required item (or a satisfactory substitute), please explain why it is not available. Please identify the documents you submit using the checklist number for each item, and it is recommended that you use numbered tabs for quicker processing by the Center.

Use of Proceeds -- SBA Form 1050 Settlement Sheet: Determining that the loan was disbursed for the purposes specified (with any approved modifications) is a material consideration in the review process. We need the SBA Forms 1050 signed by lender and borrower as well as supporting documentation (copies of the joint payee checks, paid invoices, etc.). If these materials are well organized (with supporting documentation attached to the 1050), the Center will be able to process the purchase request expeditiously.

Transcript of Account -- SBA Form 1149: Use of the SBA Form 1149 is not required but is extremely helpful in shortening SBA processing time. If you provide your in-house transcripts, we must be able to clearly identify payment receipt dates, interest rates in effect, amounts applied to principal and/or interest, liquidation receipts and expenses, date of default, interest rate at default, date to which interest has been paid, and next installment due date. If your transcript clearly shows these items, it will greatly speed up the processing of your purchase.

Proof of Equity Injection: This is frequently a condition of the loan authorization which will indicate amount, type (cash or asset), and intended use (purchase of equipment, working capital, etc.).

Verification of the source of a large cash injection is a prudent commercial practice in connection with the loan origination process. For the purpose of proving the actual injection into the business, verification could include copies of processed checks deposited into the business account prior to disbursement of the SBA loan, and/or copies of paid invoices supported by processed checks for the items purchased with the cash equity. This is a key issue for loans that default or encounter loan payment problems soon after last disbursement.

Verification of Financial Information: In 1994, SBA began requiring lenders to verify financial information provided with loans to existing businesses and/or for the purchase of an existing business by obtaining a tax transcript directly from IRS, using IRS Form 4506, signed by either the borrower or the seller of the business. Lenders must compare the transcript with the borrower's financial information submitted with the loan application and notify SBA if it does not reconcile --All of this must be done prior to first disbursement of the SBA loan (with a few exceptions). This verification is reviewed during the guaranty purchase review and is a key issue for loans that default or encounter loan payment problems soon after the last disbursement.

Collateral Positions and Guarantors: Proof that the lender has obtained and perfected required lien positions in collateral as specified in the loan authorization is another material part of the review. Title searches and/or lien searches are typical means of documenting the position of the SBA loan. Other documentation may also be satisfactory. An example would be a closing/settlement reasonable manner, and in accordance with the terms of the loan authorization and SBA program requirements. The purchase documentation process begins prior to first disbursement.

2007 Small Business Week Award Winners For Wyoming

Small Business Person of the Year, Bill Neeb and David Currie, Teton Truss, Etna, nominated by Jared Gleue, Community Bank President, Wells Fargo Bank;

Home-Based Business Champion of the Year, Kevin & Julie Gaukel, Gaukel Grown & Ground, Keeline, nominated by Kristol Miller;

Minority Small Business Champion of the Year, Pete Calhoun, Wind River Canyon Whitewater & Fly Fishing, Thermopolis, nominated by Lisa Wagner, Executive Director, Wind River Development Fund;

Small Business Journalist of the Year, Smokey L. Wildeman, General Manager, Big Horn Mtn. Radio Network, Buffalo, nominated by Linda Lobeck, Johnson County Small Business Expo Chairman;

Veteran Small Business Champion of the Year, Wy Contractors Association, Chris Corlis, Director, Casper, nominated by Dave McNulty, Director, USDOL/VETS;

Small Business Exporter of the Year, Eagle Bronze, Monte and Beverly Paddleford, Lander, nominated by C J Clark, Research Director, WY Business Report..

New Available Data Confirm Importance of Small Startups

Small firm startup births are the most important factor driving growth in gross state product, state personal income and total state employment. These findings are found in a study by the Office of Advocacy of the U.S. Small Business Administration (SBA).

The study confirms the importance of small startups for the economic well-being of every state. Now more than ever, state policymakers should be aware of how their decisions affect small business. Creating an environment that values entrepreneurship and risk-taking is sure to increase economic growth, personal income, and employment.

Small Business and State Growth: An Econometric Investigation, written by several writers with funding from the Office of Advocacy, uses newly

available U.S. Census Bureau data to analyze the impact of small firm establishment births and closures on state economies.

The study used data covering the years 1988 to 2002 and examined a wide variety of factors influencing state economic growth. After controlling for many determinants of growth, the authors conclude that in order to increase gross state product, state personal in-come and total state employment, "the most fruitful policy option available to state governments is to establish and maintain a fertile environment for new establishment formations."

For more information and a complete copy of the report, visit the Office of Advocacy website at:

www.sba.gov/advo

TEN REASONS WHY BUSINESSES SHOULD USE BUSINESS.GOV

1. Find answers to frequently asked regulatory compliance questions. Business.gov provides links to FAQ databases from across the federal government in which regulatory agencies provide answers to common business issues. Business.gov's FAQ directory is organized by topical area making it easier to find information relevant to the user's specific business area.
2. Find how to comply with regulations in your industry. Almost every industry is regulated to some extent. Browse Business.gov's Industry Compliance Guides to learn how to find info on specific regulations.
3. Talk to a real human being about complying with regulations. Business.gov provides direct line contacts of federal personnel who are available by phone or e-mail to answer your questions.
4. From registering a business to hiring employees, Business.gov provides resources that guide users to helpful agency resources covering all areas of business operations.
5. Learn how to do business with the government. Business.gov helps small business new to federal contracting. Our Government

Contracting Guide includes links to helpful information on Business Opportunities, Standards, Registration Information, and resources to get business started.

6. Business.gov provides guidance for specific audience of small business owners. Women, veterans, minorities, non-profits and the self-employed can all find help information on complying with federal regulations, doing business with the government, and applying for government grants and loan programs.
7. Business.gov connects business owners with pertinent state business portals and compliance websites, and provides links to local government websites.
8. Find information on timely and popular topics quickly. The Business.gov homepage highlights the most frequently request compliance topics, allowing users to quickly find information they're looking for.
9. Find information on specific regulations fast with Business.gov's search engine. Got a question about the FMLA - Family Medical Leave Act? Simply type in FMLA, and find helpful guides to understand your obligations.
10. Business.gov helps savvy business owners conduct their market research by providing a directory of statistical and industry data sources from throughout the federal government.

UPCOMING EVENTS

Apr 3 – Women's Roundtable
Newcastle

Apr 4 – Women's Roundtable Casper
and Dubois

Apr 9-10 – Native American
Business Expo

Apr 13 – Women's Roundtable
Laramie and Worland

Apr 17 – Women's Roundtable Cody

Apr 19 – Women's Roundtable
Powell

Apr 21 – Women's Conference
Powell

Apr 23-24 – Small Business Week

Apr 26 – Business and Technology
Expo – Casper Events Center